

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

In Re:	§	Chapter 11
	§	
W.R. GRACE & CO., et al.,	§	Jointly Administered
	§	Case No. 01-01139 (JKF)
Debtors.	§	
	§	

**FEE AUDITOR’S FINAL REPORT REGARDING THE FOURTEENTH AND FINAL
FEE APPLICATION OF ELZUFON AUSTIN REARDON TARLOV & MONDELL, P.A.,
FOR ALLOWANCE AND PAYMENT OF COMPENSATION AND REIMBURSEMENT
OF EXPENSES FOR THE PERIOD JULY 22, 2002 THROUGH DECEMBER 28, 2004**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Final Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for Allowance and Payment of Compensation and Reimbursement of Expenses for the Period July 22, 2002 through December 28, 2004(the “Application”).

BACKGROUND

1. Elzufon Austin Reardon Tarlov & Mondell, P.A. (“Elzufon”) was retained as Delaware counsel to the Zonolite Attic Insulation Claimants. In the Application, Elzufon seeks approval of fees totaling \$7,774.50 and costs totaling \$5,345.31 for the period from July 1, 2004, through December 28, 2004¹ and a final allowance of fees totaling \$52,720.00 and expenses totaling

¹ In the Application, Elzufon states that this is its final application in this case. In addition to the months of July-September, 2004, (the 14th Interim) the firm seeks payment of fees totaling \$2,675.00 and reimbursement of expenses totaling \$1,135.76 for services rendered between October 1, 2004 and December 28, 2004. While this request technically falls outside the interim parameters, we have no objection to any of the October - December fees or expenses and therefore recommend that all requested fees and expenses represented in the Application be

\$21,267.03 for the period from July 22, 2002 through December 28, 2004.

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2001, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. 330, Issued January 30, 1996, (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals.

3. Per Elzufon's Appointment Order, the Court set a total budget for ZAI counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial. On July 28, 2003, the Court entered an Order increasing the budget by \$950,000 per side for additional attorney fees and expenses. We note that an Order was entered on September 27, 2004, further increasing the litigation budget in the ZAI Science Trial by \$750,000.00 per side for additional attorneys' fees and expenses. Elzufon's final fee and expense requests are within the parameters of the prescribed budget.

CURRENT INTERIM PERIOD

4. We have no objections to, or issues with, this Application for the 14th Interim Period, and thus we did not send an initial report to Elzufon. Thus we recommend approval of fees totaling

approved.

\$7,774.50 and costs totaling \$5,345.31 for Elzufon's services from July 1, 2004 through December 28, 2004.

PRIOR INTERIM APPLICATIONS

5. We note that we previously filed the following final reports for Elzufon's interim applications beginning on July 22, 2002, which we incorporate by reference herein:

6th Period: Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Sixth Interim Period (Docket #3284), filed on January 28, 2003, in which we recommended approval of fees totaling \$5,738.00 and costs totaling \$692.54. These recommendations were adopted by the Court in the Omnibus Order Granting Applications for Compensation for the Sixth Interim Fee Period dated March 14, 2003 (Docket #3511).

7th Period Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Seventh Interim Period (Docket #3619), filed on April 7, 2003, in which we recommended approval of fees totaling \$7,800.50 and costs totaling \$2,547.87. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Seventh Interim Fee Period and Certain Prior Amounts dated July 28, 2003 (Docket #4157).

8th Period Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Eighth Interim Period (Docket #3985), filed on July 1, 2003, in which we recommended approval of fees

totaling \$7,315.50 and costs totaling \$1,876.44. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Eighth Interim Fee Period and Certain Prior Amounts dated September 22, 2003 (Docket #4480).

9th Period Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Ninth Interim Period (Docket #4435), filed on September 17, 2003, in which we recommended approval of fees totaling \$5,937.50 and costs totaling \$4,284.81. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Ninth Interim Fee Period and Certain Prior Amounts dated December 15, 2003 (Docket #4827).

10th Period Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Tenth Interim Period (Docket #5001), filed on January 27, 2004, in which we recommended approval of fees totaling \$8,027.37 and costs totaling \$2,387.21, reflecting our recommended reduction of \$2,891.63 in fees as explained in paragraph 3 of that final report. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Tenth Interim Fee Period and Certain Prior Amounts dated April 26, 2004 (Docket #5482).

11th Period Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Eleventh Interim Period (Docket #5739), filed on June 8, 2004, in which we recommended approval of fees

totaling \$0 and costs totaling \$0, reflecting our recommended reduction of \$5,973.50 in fees and \$3,343.18 in expenses, as explained in paragraph 3 of that final report. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Eleventh Interim Fee Period and Certain Prior Amounts dated June 16, 2004 (Docket #5822).

12th Period

Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Twelfth Interim Period (Docket #6248), filed on August 23, 2004, in which we recommended approval of fees totaling \$0 and costs totaling \$0, reflecting our recommended reduction of \$4,345.50 in fees and \$4,068.14 in expenses, as explained in paragraph 3 of that final report. These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Twelfth Interim Fee Period and Certain Prior Amounts dated September 27, 2004 (Docket #6465).

13th Period

Fee Auditor's Final Report Regarding Fee Application of Elzufon Austin Reardon Tarlov & Mondell, P.A. for the Thirteenth Interim Period (Docket #6972), filed on November 17, 2004, in which we recommended approval of fees totaling \$4,690.50 and costs totaling \$2,066.84. In that report we also stated that, "... we had recommended against approval of Elzufon's previous applications for the 10th, 11th and 12th interim periods solely because they were over the then-existing budget. With the latest increase in the litigation budget, the budget is now large enough that these three applications, and the current application, are all within the budget. Thus we recommend approval

of Elzufon's previous applications for the 10th, 11th and 12th interim periods."

These recommendations were adopted by the Court in the Order Approving Quarterly Fee Applications for the Thirteenth Interim Fee Period and Certain Prior Amounts dated January 25, 2005 (Docket #7622).

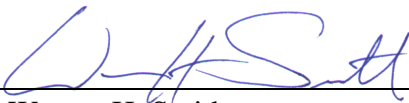
We have reviewed each of these previous final reports, and we not believe there is any reason to change any of the recommendations in any of the reports.

CONCLUSION

6. Thus we recommend final allowance of fees totaling \$52,720.00 and expenses totaling \$21,267.03 for Elzufon's services from July 22, 2002 through December 28, 2004.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

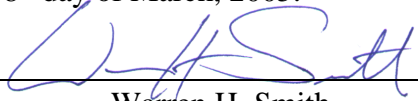
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FEE AUDITOR

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served First Class United States mail to the attached service list on this 8th day of March, 2005.



Warren H. Smith

SERVICE LIST

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